

Senate Bill 1332 (2005) Guidelines  
Meeting of Interested Parties  
November 4, 2005

Agenda

1. Greeting by TAX.
2. Introductions.
3. Review of Senate Bill 1332
4. Review of Guidelines Outline and Discussion of Outstanding Issues:
  - A. Procedure for Assigning Escrowed Funds to Commonwealth.**
  - B. Overview of Incentive Payments to Manufacturers.**
  - C. Definitions.**

1. Issue: How will the percentage of domestic tobacco used be measured?

- D. Applying for Incentive Payments.**

1. Issue: What will manufacturers need to certify?

TAX's Proposal:

- a. The manufacturer is in compliance with the Virginia NPM Statute;
    - b. The manufacturer has made an irrevocable assignment to the Commonwealth of all of the funds in its escrow account and all future escrow payments;
    - c. For its 2007 application, the amount that the manufacturer paid into its escrow account in calendar year 2005 and prior years as of April 16, 2005 less any escrow funds released and reverted back to the manufacturer that are attributable to calendar year 2005 and prior years escrow payments. For applications filed in 2008 through 2012, the amount that the manufacturer paid into its escrow account as of April 16 of the year;
    - d. The manufacturer directly and not exclusively through any affiliate manufactured fewer than 5 billion cigarettes in the calendar year in which the escrow assignment was made;
    - e. The percentage of domestic tobacco contained in the cigarettes it manufactures; and

- f. The amount paid for domestic tobacco on or after January 1, 2005 that was not grown by an agent or director of the manufacturer that was used in manufacturing cigarettes in the immediately preceding calendar year.

**E. Calculation of Incentive Payments.**

**F. Payment of Incentive Payments.**

1. Issue: TAX is required to certify to the Comptroller the amount of the incentive payment to be made to each manufacturer within 30 days receipt of the manufacturer's application, which is due January 31. However, TAX needs sufficient time to review all filed applications in order to determine whether or not payments will need to be prorated because of the limitations on total incentive payments.

TAX's Proposal: TAX will certify to the Comptroller within 30 days of January 31 due date.

**G. Recordkeeping.**

**E. Appeals and Recapture of Erroneous Payments.**

**F. Additional Information.**